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**MAYOR EMANUEL ANNOUNCES PROJECTED 2019 BUDGET GAP
REDUCED TO \$97.9 MILLION**

Projected 2019 Operating Budget Shortfall Marks the Eighth Straight Year of Budget Deficit Reduction

Mayor Rahm Emanuel today released the City of Chicago's 2018 Annual Financial Analysis (AFA) which provides an overview of the City's \$3.79 billion corporate budget and examines the strategic financial decisions and operational efficiencies made over the past year along with the progress the City has achieved to strengthen its financial health.

"In 2012, our structural budget deficit was \$635 million and all four of Chicago's pension funds were on the road to insolvency," said Mayor Emanuel. "Today, the City's finances are in a much different place. The projected shortfall for 2019 is \$97.9 million, which marks the eighth consecutive year of reducing the structural budget deficit and the lowest point since 2007."

The structural budget deficit is closed each year along with funding any new investments as part of the City's annual budget process. The structural budget deficit along with new investments represent the City's annual operating budget gap, which is closed each year with savings, reforms, efficiencies, and revenue enhancements.

Significant reductions in the structural deficit have been achieved through prudent financial discipline to match our expenditures to revenues. Since 2011, the City has obtained significant cost savings including:

- Achieving over \$650 million in savings, reforms and efficiencies through the last seven budget cycles;
- Ending the practice of selling City assets to balance the budget;
- Imposing greater fiscal discipline on our borrowing practices by phasing-out the use of long-term debt to pay for certain working capital expenses, like library books;
- Identifying sustainable revenue growth through economic expansion, enhancements to revenues, improved enforcement of scofflaws, and elimination of tax loopholes;

- Converting all the taxpayer-backed variable-rate debt to fixed-rate debt and terminated the corresponding swaps; and
- Eliminating the use of “scoop and toss”, a practice akin to using your credit card to pay your mortgage payments.

The City has implemented key financial reforms to improve its long-term financial stability. In addition to reducing the structural budget shortfall, the City found sustainable solutions to address its pension funds such as increasing both City and employee pension contributions. As recently reflected in the City’s annual audit, due to hard work to achieve pension funding reform, the City’s total pension liability decreased by \$8.5 billion.

The AFA was initiated after Mayor Emanuel signed an Executive Order creating a long-term budget and planning process in 2011.

The complete AFA can be found at

https://www.cityofchicago.org/city/en/depts/obm/supp_info/annual-budget-recommendations---documents.html

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